

**Testimony of  
Ford Motor Company  
to  
House Tax Policy Committee  
October 21, 2009**

Madame Chair and members of the committee, my name is Charlie Pryde, manager government relations at Ford Motor Company. I am joined by Kelli Murphy, Manager State Tax Policy. Today we are here to testify about the importance of the research and development, personal property, Investment and the compensation tax credits, to manufacturing and the auto industry.

Several key facts regarding Ford in Michigan:

- Ford Motor Company employs more than 38,000 people in Michigan,
- Since 2000 we have made more than \$13 billion in capital investment in Michigan, and
- Last year alone Ford purchased about \$12 billion worth of goods and services from nearly 3000 Michigan-based suppliers.

The auto industry is a highly capital intensive industry. Assembling a world class automobile in today's flexible manufacturing plants requires significant capital expenditures – earlier this year we announced plans to build the new Ford Focus – which is based upon our best selling European model. To build this world class vehicle Ford is investing more than \$550 million in Wayne, MI.

Research and Development is another cornerstone of the auto industry. In a report issued last year the Automotive Trade Policy Council reported the domestic auto industry spends about \$17 billion annually in the United States, more than any other industry including electronics and pharmaceutical industries. Ford spends over \$6 billion annually in research and development initiatives to support new product programs and technology applications. The vast majority of this research is done in engineering and innovation centers located in Michigan. From SYNC – our cutting edge hands-free phone and music application, to ecoboost technology improving fuel economy for internal combustion engines, to our award winning hybrid and electric vehicles, this research is accomplished in Michigan.

Investments in personal property and Research and Development are critical in remaining competitive in today's auto industry. At Ford we are working hard to reduce costs – importantly we are now leveraging our global resources – now more than ever our products are global products – I mentioned the \$550 million investment to bring the European Focus to Wayne. This reality cuts both way – all of our operations are interested in becoming the global leader on research and development. The greater the burdens placed on processes like research and development and manufacturing investment the greater the tendency for these to go elsewhere.

At Ford we are optimistic the economy has made its turn for the better. We see a very bright future for the Company and for Michigan. As we begin our climb out of today's recession now is not the time to add additional burdens to manufacturers. Now Kelli Murphy will discuss some of our specific concerns.